CHAPTER 11

MANAGEMENT OF PEACETIME OPERATING STOCK (POS), AND BULK PETROLEUM WAR RESERVE STOCK (BPWRS) LEVELS

A. GENERAL. This chapter prescribes procedures and responsibilities for managing peacetime operating and war reserve stocks at DFSPs. In general, stocks will be managed by product type on a regional basis. Regions will be established in the Inventory Management Plan (IMP). Resupply of DFSPs will be based on ensuring stock availability to meet operational needs, cost effectiveness of resupply, and maintaining appropriate inventory levels. The IMP provides requirements for regional and base inventories. Operations and economics of resupply will play a major role in stockage at DFSPs.

B. PEACETIME OPERATING STOCK (POS) POLICY

1. POS Authorization (POSA). POS is the amount of fuel required to sustain peacetime operations in support of military demands to be maintained at a DFSP, and reflects projected in-service storage determined during the IMPs update coordination. If additional storage is available, DFSC may direct on an exception or emergency basis, additional POS be stored at a DFSP, for short periods, based on regional requirements and other economic factors.

2. Economic Resupply Quantity (ERQ). An ERQ will be established as part of the POS when storage terminals operate as a physically independent storage system. The ERQ will be determined based on the most efficient method of resupply. ERQs shall be established for:

a. DFSPs that receive fuel support directly from a commercial supplier

b. DFSPs that receive fuel support from intermediate DFSPs by tank truck, car (rail), barge, tanker, or pipeline with an in transit time in excess of 12 hours; or,

c. DFSPs where BPWRS is not authorized.

3. Oiler Load-Out Quantity. An oiler load-out quantity plus 20 percent of the load-out quantity maybe authorized instead of an ERQ at ocean DFSPS that support fleet operations.

4. Safety Level (SL). The amount of fuel included in the POS formula to compensate for variability in resupply time and demand during the resupply cycle. The purpose of a SL is to protect DFSPs from stock outages where no BPWRS are held or to provide a confidence level that a least 85 percent of a specific location's authorized BPWRS levels are available. BPWRS will generally serve as the safety level.

5. Augmented Safety Level. In unusual situations DFSC may authorize stocks in addition to the authorized SL in subsection B.4., above. This usable POS represents requirements calculated to sustain DFSP operations for conditions such as:

a. Ocean DFSPS where the ERQ is insufficient to meet combined tanker and oiler load-out demands.

b. DFSPs resupplied by river barges with seasonal low water levels.

c. DFSPs with floating pans or roofs - for highly volatile fuels.

d. DFSPs that are resupplied seasonally (such as closed ports in the winter) may establish stock levels sufficient to ensure stock availability between resupply seasons plus 30 days.

6. Working Ullage. Working ullage is tankage available for the purpose of maximizing efficient peacetime terminal operations. As needed, base terminals will draw product from their supporting DFSPs POS in order to meet operational needs. Working ullage does not authorize activities to maintain a higher inventory level than the authorized POS. Its purpose is to allow acceptance of an economical resupply quantity.

7. POS Computations

a. POSA shall be computed annually by DFSC-O for all DFSPs (base-level and intermediate) in coordination with DFRs/SCPs/CINC-JPOs. Pos computations shall be updated as significant changes occur (more than 10 percent of the computation). DFSC-O shall develop all POS computations.

b. Military Services and CINC-JPOs shall

as changes to on-base inventory levels, increase or decrease in demands, and special exercises) which may impact significantly on operating stocks at DFSPS.

C. FORMULA FOR COMPUTING POS LEVELS

Date: _____

DFSP:_____ DoDAAC:____ Product:

1. Previous FY Issues (Ott 1 thru Sep 30) _____

2. Projected FY Issues (Ott 1 thru Sep 30) _____

3. Daily Demand Rate (DDR) [line 2/360] _____

4. Economic Resupply Quantity (ERQ) _

5. Unobtainable Inventory _____

6. Safety Level (Line 3 x number of days required) _____

7. Augmented Safety Level (justification required) _____

8. Peacetime Operating Stock Authorization (Sum of lines 4,5,6, and 7) _____

9. Maximum Usable Storage Capacity _____

10. Remarks

NOTE: Line Instructions - How Data is Computed and Entered Above.

a. Date..... Enter the date of computation such as June 3, 1993.

b. DFSP..... Enter name and state/country of the DFSP (base-level or intermediate); do not include PLs under throughput contract.

c. DoDAAC... Enter the assigned DoD Activity Address Code.

d. Product.. Enter the product code such as JP8 and F76.

e. Line 1. Previous Fiscal Year Issues. Enter the total past fiscal year issues (sales and transfers) and indicate the fiscal years. Use DFAMS issue data; estimate last 3 months. Do not include issues for rotating stocks.

f. Line 2. Projected Fiscal Year Issues. Enter the issue demands expected during the next fiscal year, so indicate. Determine future requirements based on such factors as: issue experience, procurement programs, developing trends, announced military base closures, and scheduled military exercises. If variance between lines 1 and 2 is more than 10 percent, explain in the remarks section.

g. Line 3. Daily Demand Rate (DDR). Divide line 2 by 360 and enter the result in whole figures. This line represents the "average" daily projected issue (quantity) rate.

h. Line 4. Economic Resupply Quantity (ERQ). Duplicate economic reorder quantities are eliminated when physically separate bulk storage systems are so closely connected to each other that they effectively operate as a single system. The DFSP reporting the ERQ shall provide the maximum economical quantity received by: tanker, barge (single or train), pipeline, tank truck and car (single or train); such ERQ should be expected to be used during the next fiscal year. The ERQ represents an incremental quantity calculated to provide a combination of adequate stock levels and transportation efficiency. Besides past experience, the following factors will be considered in determining the ERQ: (a) usable storage capacity, (b) desired delivery frequency, (c) depth of waterway, (d) maximum capacity of vessel, (e) volume rates, (f) minimum tenders acceptable, (g) availability of transport facilities, (h) contractual terms, and (i) any other condition that would influence the ERQ. An oiler loadout quantity plus 20 percent of the, load-out maybe authorized instead of an ERQ for ocean DFSPS that support fleet operations.

i. Line 5. Unobtainable Inventory. Indicate quantity required for tank bottoms, manifold fill, and cross-country/system pipeline fill.

j. Line 6. Safety Level. Multiply the DDR by the number of days inventory. The safety level precludes stock outages and maintains 85 percent availability of authorized BPWRS.

k. Line 7. Augmented Safety Level. This line is in addition to the amount on line 6. Enter the amount required and fully document in remarks (line 10). This amount represents stock required to sustain a DFSP under unusual situations.

1. Line 8. POS Authorization (POSA). Enter

the sum of lines 4, 5, 6, and 7. This line represents the authorized POS level in the IMP subject to funding constraints.

m. Line 9. Maximum Usable Storage Capacity. Enter the quantified result of tankage shell capacity (less unusable space), plus the pipeline and manifold system. This line represents all usable storage space and pipeline fill within a reporting complex. The total usable storage capacity includes tank bottoms, manifold fill, and any cross-country pipeline fill. Unusable space consists of the volume deducted from the shell capacity to allow for fuel expansion and structural loss. (See chapter 8, Bulk Petroleum Storage Facilities Report RCS: 506, of this volume).

n. Line 10. Remarks. This line will be used to document and substantiate requirements associated with line six and to provide facts and reasons in support of any other line data. Supporting papers may be attached.

D. BULK PETROLEUM WAR RESERVE STOCK (BPWRS) POLICY

1. General. Inventory held in support of BPWRR is termed BPWRS. To the extent practical, BPWRS shall be held at or in proximity to the BPWRR location. BPWRS maybe subject to storage/funds availability and BPWRS less than 150 barrels may not be practical to stock.

2. BPWRS Guidelines

a. CONUS. Any CONUS BPWRS must be directly supporting an OPLAN. It will be limited to a stockage level for mobility requirements (primarily strategic lift), strategic air operations, civil defense requirements when approved by DUSD(L), and logistics requirements in support of strategic operations such as load-outs of ships and aircraft in-flight refueling operations.

b. Overseas. There shall be BPWRS to support military operations in each CINCs theater. BPWRS may be established and controlled by subarea and, where operationally relevant, assigned to specific storage locations. BPWRS stored outside the region must be close enough to be transported to support designated contingency operations.

3. BPWRS Composition, BPWRS shall be in addition to POS. BPWRS shall be based upon BPWRR which is sized to meet the most demanding OPLAN requirements for each location, until resupply can be effected from a secure source. Sourcing and BPWRS guidance shall be developed by the Joint Staff and forwarded to USD(A&T) for approval.

4. BPWRS Levels in NATO. BPWRS may not exceed the minimum levels established in common for NATO nations.

5. Wartime and Contingence Operations. CINCs may request waivers to the policies in this section from the Secretary of Defense through the CJCS to meet specific anticipated needs of an emerging contingency or an ongoing military operation. CINCs may take emergency actions if in their judgment such action is required to protect life, property, or ensure military success.

6. BPWRS categories. The following categories shall be counted as assets against the BPWRR:

a. Military stocks specifically identified as BPWRS at base-level, intermediate, and floating storage DFSPS.

b. Specified quantities of military-suitable products designated for the United States use by host nation or treaty organizations, under written agreement or written alliance policy with U.S. authorities, which in the judgment of the theater commander could reasonably be expected to be available.

c. Other categories, when agreed to by the supported Unified Commands and Military Service(s) providing forces. This category includes contingency contract resources with inclusion based on the combined judgment of the supported CINCs and Military Service(s) providing forces. However, DLA contracts shall not proceed without the CINCs and Military Services' agreement. Examples could be:

(1) Into-plane contract wartime expansion provision.

(2) Option quantities in certain resupply contracts, e.g., where civilian petroleum infrastructure is the limiting factor.

E. OTHER STOCKS OVERSEAS

1. Host Nation Support (HNS). Commitments by host nations/allies to provide fuel from their refineries or civil stocks may be countable in support of other contingency fuel needs. Charter aircraft and ship contingency movement through civil locations can

benefit significantly from HNS agreements in support of such contingency plans.

F. STOCK POSITIONING AND FACILITIES

1. Stocks shall be held as near to the point of intended use as economical and practical to minimize transportation requirements and the impact of hostile disruption of supply lines.

2. Stocks shall be dispersed and held in hardened storage facilities in high threat areas, when possible. The level of protection and security of stocks shall be prescribed by the Unified Commanders with recommendations from responsible DoD Components and DLA/DFSC.

G. INVENTORY MANAGEMENT PLAN (IMP)

1. Reports and Changes. The IMP is developed and issued annually by DFSC-O in coordination with the Military Services and CINC-JPOs and states required inventory levels. The IMP reports storage/inventory data at DFSPS in support of POS/BPWRR. DFSC-O may issue changes to the IMP data by message, single pages, or complete document; copies are issued to the DoD Components.

2. Inventory Requirements and Levels

a. Inventory Buildup. Buildup/drawdown of inventories to meet POSA and BPWRR levels should be reached as soon as economically possible. This should occur within 90 days from the time the IMP changes are published, however, this timeframe can be modified based on operational considerations after coordination between the appropriate commands and DFSC. Situations which require buildup earlier than the time indicated in the IMP preface will be reported to DFSC-O by the Military Services or CINC-JPOs for supply coordination.

b. Maximum Stockage Levels. The sum of POSA and BPWRS levels in the IMP equals the maximum authorized inventory level (see figure 11-1 for DFSPS various inventory situations). Inventory at DFSPS must not exceed the IMP levels. If economic or supply conditions dictate, these levels may be exceeded if directed by DFSC-O. If maximum stockage level is exceeded at the direction of DFSC-O, no waiver is required. DFSPS must obtain approval from DFSC-O prior to exceeding the maximum stockage levels on their own. DFRs must monitor regional levels to prevent over stockage on a regional basis or to prevent malpositioned excess POS.

3. Inviolate Levels.

a. Individual DFSP Level. A DFSP inviolate level is defined as 85 percent of the BPWRS plus the unobtainable inventory in tank bottoms, manifolds and pipelines. Penetrations exceeding 72 hours of a DFSPS inviolate level will require that the supporting DFRs/DFOs/SCPs/SAPOs/CINC-JPOs/DFSC-O be informed by telephone with message confirmation by facsimile or E-mail message. The DFR and JPO shall acknowledge receipt of notification.

(1) CONUS. When penetration of a DFSP inviolate level occurs, the DFSP will inform the supporting SCPS, DFRs, and DFSC-O (see figure 11-3). Emergency resupply of storage terminals will occur only if operations will be affected by DFSPS inventory positions. The DFSPS shall continue to support daily operational requirements unless otherwise directed. As a followup to the preliminary penetration notification, the DFSP shall report changes in consumption that may affect the ability to support operations.

(2) Overseas. When penetration of the inviolate level occurs, the DFSP shall inform the CINC-JPO, DFSC-O, DFO, SAPO, and DFR (except as noted in figure 11-3). Emergency resupply of storage terminals will occur only if operations will be affected by DFSPS inventory positions. The DFSPS shall continue to support daily operational requirements, unless otherwise directed. It is the responsibility of the DFSPS to report changes in consumption that may affect their ability to support operations.

b. Regional Inviolate Level. A regional inviolate level is 100 percent of the BPWRS and unobtainables (by product) held within a region. Whenever the regional inventory falls below the sum, by product, of this level for more than 72 hours, a regional inviolate penetration must be reported (see figure 11-2). NOTE: The aggregate inviolate level as published in the IMP, which is the sum of DFSP inviolate levels (85 percent of the BPWRS plus unobtainables), should not to be confused with the regional inviolate level.

(1) CONUS. CONUS DFRs are responsible for maintaining (by product) regional inviolate levels. DFRs shall monitor these levels to determine if operational considerations justify the expense of emergency resupplying terminals in penetrations. Usually only low regional inventory levels will justify such a resupply effort. Penetrations will be supported by message to the

appropriate SCPS, DFSC-0, and the Joint Staff/J4. Recipients shall acknowledge receipt of penetration notifications via message or facsimile. The notification report shall indicate the expected recovery date and the CONUS DFSPS that are in penetration.

(2) Overseas. JPOS are responsible for identifying regions within their respective theaters and for maintaining (by product) regional inviolate levels. The JPOs/SAPOs shall monitor these levels as addressed in paragraph G.3.a.(1), above. Penetrations will be reported by message by the JPOs/SAPOs to the appropriate SCPs, DFSC-O, and Joint Staff/J4. Recipients shall acknowledge receipt of penetration notifications via message or facsimile. The notification report shall in-dicate the expected recovery date and the theater DFSPs that are in penetration.

5. Security Classification/Declassification Guidance

a. The IMP is classified SECRET; classification is based on the premise that divulging IMP data would seriously damage the ability of the United States to wage war or defend itself successfully, limit the anned forces effectiveness, or make the United States vulnerable to attack. Security classification guidance for discussing IMP data are provided below. The following codes are used to denote classification of data: "C" for CONFIDENTIAL, “S” for SECRET and “U” for UNCLASSIFIED.

(1) For a single base-level DFSP:

(a) Local BPWRR data U

(b) Local BPWRS data U

(c) BPWRR uncovered data C

(d) Inviolate Level u

(2) For a single intermediate DFSP:

(a) BPWRR data c

(b) BPWRS data c

(c) BPWRR uncovered data C

(d) Inviolate Level u

(e) Combination of the above S

(3) Multiple DFSPS discussing any one of the IMP data in subparagraphs 4a.(l) or (2), above, will be classified "secret;" and summary of any IMP data above, will be classified “secret.”

(4) Geographic DOS associated with the BPWRR or BPWRS are classified “secret.”

b. There are no automatic declassification dates for the IMP. IMP report remain classified through updated editions and associated perpetuating documents. The IMP and related papers/documents will be declassified only with the expressed direction of ODUSD(L). Thus, IMPs and related papers/documents will be marked classified by ODUSD(L) and declassified upon originating agency determination (on the cover of the IMP and first page of documents) as follows:

Classified by: OASD(P&L) Memo Feb 15, 1993
Declassify on: OADR

H. FUNCTIONAL RESPONSIBILITIES

1. Joint Staff/J4 shall recommend the geographic Days of Supply (DOS) that size BPWRR and govern BPWRS levels to USD(A&T) for approval; and allocate BPWRS shortfalls among the CINCs considering recommendations from DLA/DFSC and the Military Services.

2. CINC-JPOs shall:

a. Coordinate and reconcile IMP data prepared by the Military Services for overseas locations prior to submission of DD Form 1887, Propositioned War Reserve Requirements for Terminal Storage, to DFSC-0.

b. Monitor overseas theater and DFSP inventories.

c. Notify Joint Staff/J4 and DFSC-O when the regional aggregate inventory of DFSPs identified in the IMP including overseas and CONUS coastal DFSPs falls below the inviolate levels; notice will include the amount and anticipated get well date.

d. Coordinate regional data in their area for inclusion in the IMP.

3. Military Services shall:

a. Compute BPWRR (by location/product); BPWRR is limited to the geographic “days-of-supply” set by the Joint Staff.

b. Maintain POS/BPWRS levels reported in the IMP at DFSPS located on military bases; advise JPOs, SAPOS, DFRs, and DFSC-O when inventory levels in the IMP cannot be stored at GOGO DFSPS due to resupply or tankage problems; coordinate proposals to convert tankage from one product to another with DFSC-O and the overseas JPO.

c. Report BPWRR to CINC-JPOs/SAPOs (overseas)/DFRs (CONUS) which cannot be held at or near the area of planned usage. The CINC-JPOs/DFRs will then submit a consolidated report to DFSC-O.

d. Inform the DFR, JPO, SAPO, SCP and the DFO (when appropriate) and DFSC-O when the inventory drops below the inviolate level at DFSPS operated by the Military Services; indicate the amount and the expected get well date.

e. Advise the cognizant JPO, SAPO, DFR, and the DFO prior to notifying DFSC-O when tanks are taken-out of service; and advise when they will be ready to receive product once construction or repair action is completed. Decrease in BPWRS will not normally be covered at DFSPS where shortfalls are due to short term tank maintenance.

f. Coordinate CONUS regional data for inclusion in the IMP.

4. DFSC shall:

a. Compute and maintain POS/BPWRS levels at DFSPs in consonance with OSD operating plans and budgets. Group DFSPS into regions for collective inventory level management.

b. Develop/distribute the IMP in coordination with the JPOS and Military Services.

c. Plan for emergency shipments of BPWRS in CONUS between DFSPS with insufficient storage to maintain BPWRR. Temporary penetrations of the DFSPs' BPWRS do not require emergency shipments; however, plans will be made, in coordination with the Military Services, to provide emergency resupply to DFSPS facing possible curtailment of operations based on stock status.

d. Recommend storage programs designed to provide a balanced BPWRS level at DFSPS in support of combined military requirements. Matters regarding fuel allocation that cannot be resolved by the CINC-JPOs/Military Services/DFSC, and that will result in supply failure or in unacceptable degradation shall be forwarded to the Joint Materiel Priorities and Allocations Board (JMPAB) for resolution. (See chapter 14 of this volume.)

5. DD Form 1887- BPWRR/BPWRS Data, RCS: DLA(A)1887(DFSC)

a. Military Services shall:

(1) Report BPWRR and proposed BPWRS data on DD Form 1887 to the appropriate CINC for locations worldwide. See volume V, appendices A58/ A59, of this manual for format and instructions. BPWRR locations maybe reported by latitude/longitude degrees if no other landmark is available. Report shall be submitted to DFSC annually, see section I., below. Critical changes in BPWRR data shall be submitted quarterly; such changes may be submitted immediately to DFSC-O that indicate grave consequences.

(2) Review/coordinate the revised IMP and provide comments to DFSC-O within 15 working days after receipt of the draft.

b. CINC/JPOs shall:

(1) Coordinate DD Form 1887 data and reconcile such data as required with the component commands prior to the BPWRR/BPWRS data being submitted to DFSC-O.

(2) Provide comments to DFSC-O within 10 working days after receipt of the final IMP draft.

c. DFSC-O shall:

(1) Develop the IMP and provide a final draft copy to the JPOS and SCPS for coordination prior to publication.

(2) Distribute the IMP (see section I, below, for the IMP schedule); message updates will be processed as required. Revisions will be limited to significant changes (10,000 barrels or more).

I. IMP TABLE OF EVENTS

1. DFSC-OS computes POSA for all DFSPS worldwide ---------- Jun01

2. DFSC-OS provides POS levels to DFRs and JPOs for their coordination----------Auk 01

3. DFRs/JPOs comment or provide recommended adjustments to POS levels, storage data, etc., to DFSC-OS ·····Sep 01

4. Services coordinate DD Form 1887 data with JPOs ---------- Ott 01

5. Services report DD Form 1887 data to DFSC-OS ----------Nov 01

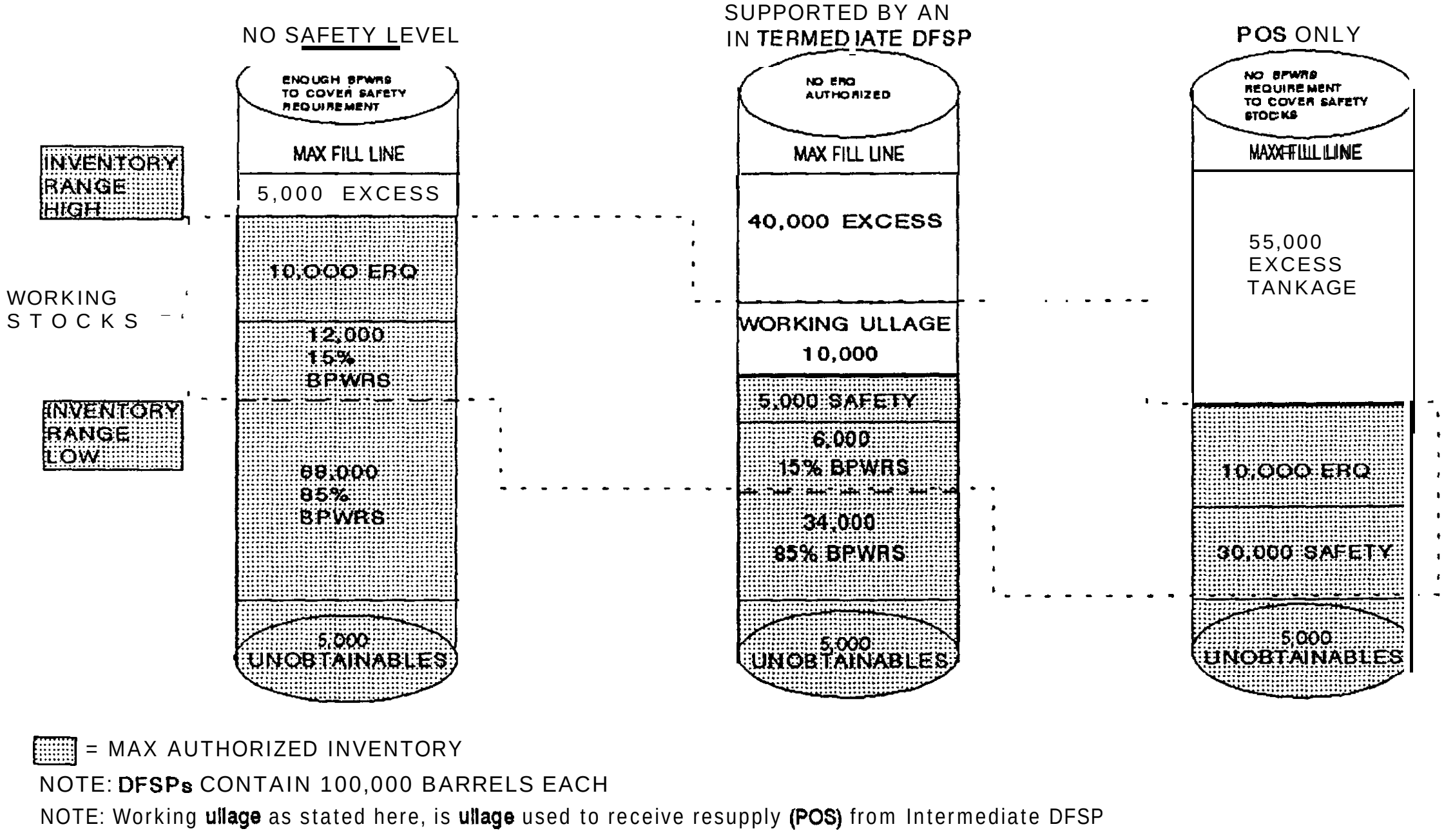
6. DFSC-OS coordinates draft IMP with Services/JPOs----------Jan 01

7. IMP published/distributed----------Jan 20

8. IMP effective date----------Feb 01

STOCKAG E POLICY

POSSIBLE DFSPS INVENTORY SITUATIONS



NOTE: DFSPs CONTAIN 100,000 BARRELS EACH

NOTE: Working ullage as stated here, is ullage used to receive resupply (POS) from Intermediate DFSP

Fig 11-1

REGIONAL
(DFR/CINC-JPO)
NOTIFICATION AND ACKNOWLEDGEMENT PROCEDURES

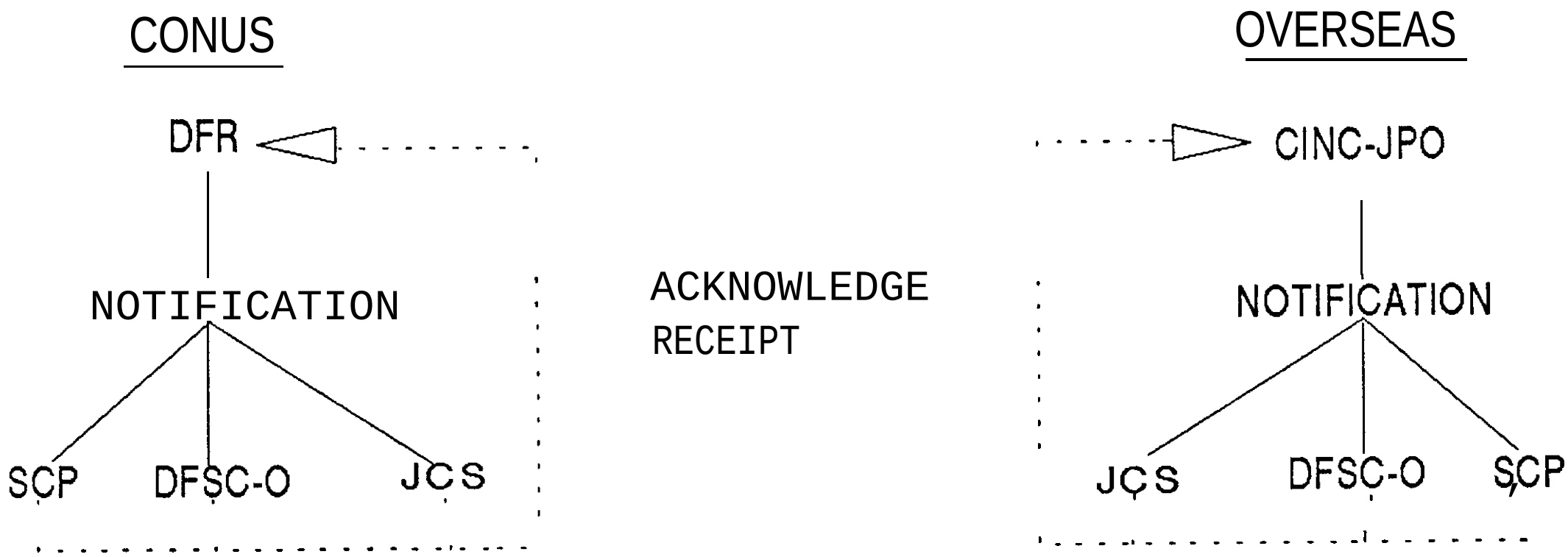


Fig 11-2

DFSP
NOTIFICATION AND ACKNOWLEDGEMENT PROCEDURES

Fig 11-3

NOTE: When appropriate the SAPO/DFO/DFR will combine inventories before reporting an inviolate level penetration.